

# House Study Bill 650 - Introduced

HOUSE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
VETERANS AFFAIRS BILL BY  
CHAIRPERSON ALONS)

## A BILL FOR

1 An Act creating individual income tax credits for military  
2 service during certain military conflicts in Lebanon,  
3 Grenada, and Panama, and for service during certain military  
4 conflicts in the Persian Gulf, providing for penalties, and  
5 including retroactive applicability provisions.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, Code 2014, is amended by adding  
2 the following new subsections:

3 NEW SUBSECTION. 57. *a.* Subtract the Lebanon, Grenada, and  
4 Panama veteran tax credit provided under section 422.10A to the  
5 extent that the credit increased federal adjusted gross income.

6 *b.* This subsection is repealed January 1, 2018.

7 NEW SUBSECTION. 58. *a.* Subtract the Persian Gulf veteran  
8 tax credit provided under section 422.10B to the extent that  
9 the credit increased federal adjusted gross income.

10 *b.* This subsection is repealed January 1, 2018.

11 Sec. 2. NEW SECTION. **422.10A Lebanon, Grenada, and Panama**  
12 **veteran tax credit.**

13 1. The taxes imposed under this division, less the credits  
14 allowed under section 422.12, shall be reduced by a Lebanon,  
15 Grenada, and Panama veteran tax credit equal to the following  
16 amount:

17 *a.* For a taxpayer who served on active duty for not less  
18 than one hundred twenty days in the armed forces of the United  
19 States at any time between August 24, 1982, and July 31, 1984,  
20 both dates inclusive, or between December 20, 1989, and January  
21 31, 1990, both dates inclusive, and who was inducted into  
22 federal active duty from the state of Iowa and was honorably  
23 discharged or separated from federal active duty, or is still  
24 on active duty in an honorable status, or has been retired,  
25 or has been furloughed to a reserve, or has been placed on  
26 inactive status, an amount equal to eighteen dollars for  
27 each month that the taxpayer was on federal active duty in  
28 a conflict service area within the dates specified in this  
29 paragraph, not to exceed five hundred dollars.

30 *b.* For a taxpayer who otherwise qualifies for the credit  
31 under paragraph "a", except that the person was not present  
32 in a conflict service area during the period between August  
33 24, 1982, and July 31, 1984, both dates inclusive, or between  
34 December 20, 1989, and January 31, 1990, both dates inclusive,  
35 an amount equal to thirteen dollars for each month that the

1 taxpayer was on federal active duty within the dates specified  
2 in paragraph "a", not to exceed three hundred dollars.

3 c. The Iowa department of veterans affairs shall adopt  
4 rules pursuant to chapter 17A providing for the definition of a  
5 conflict service area.

6 2. In order to qualify for the credit in subsection 1, all  
7 of the following requirements must be satisfied:

8 a. The taxpayer has not received a tax credit, bonus, or  
9 compensation similar to that provided in this section from this  
10 state or another state.

11 b. The taxpayer was on active duty service after August  
12 24, 1982, and the person did not refuse on conscientious,  
13 political, religious, or other grounds, to be subject to  
14 military discipline.

15 c. The taxpayer files an application for tax credit under  
16 this section with the department of veterans affairs in a  
17 manner determined by the department by July 1, 2015. The  
18 department of veterans affairs shall certify to the department  
19 of revenue the identity of each taxpayer eligible for the  
20 credit under this section and the amount of tax credit for  
21 which the taxpayer is eligible.

22 3. If a taxpayer dies before claiming the credit in  
23 subsection 1, the surviving unremarried widow or widower,  
24 child or children, mother, father, or person standing in loco  
25 parentis, in the order named and none other, of any deceased  
26 taxpayer shall be eligible for the tax credit in subsection 1  
27 that the deceased taxpayer would be entitled to pursuant to  
28 this section, if living. If any taxpayer has died or shall  
29 die, or is disabled, from service-connected causes incurred  
30 during the period and in the area from which the taxpayer is  
31 entitled to the credit pursuant to this section, the taxpayer  
32 or the first survivor as designated by this subsection, and  
33 in the order named, shall be eligible for a tax credit equal  
34 to five hundred dollars or three hundred dollars, whichever  
35 maximum amount would have applied pursuant to subsection 1,

1 paragraph "a" or "b", regardless of the length of service.

2 4. A taxpayer who served for at least sixteen days in a  
3 month shall be considered to have served for the entire month.

4 5. The credit provided in this section shall be allowed only  
5 once per taxpayer. The credit shall be claimed by the taxpayer  
6 for the tax year in which the application is successfully made  
7 to the department of veterans affairs under subsection 2,  
8 paragraph "c". Any credit in excess of the tax liability is  
9 refundable. Taxpayers affected by the allocation provisions  
10 of section 422.8 shall be permitted a deduction for the credit  
11 only in the amount fairly and equitably allocable to Iowa under  
12 rules prescribed by the director of revenue.

13 6. A taxpayer who knowingly makes a false statement relating  
14 to a material fact in supporting an application under this  
15 section is guilty of a serious misdemeanor. A person convicted  
16 pursuant to this section shall forfeit all tax credit to which  
17 the taxpayer may have been entitled under this section.

18 7. The executive director of the department of veterans  
19 affairs, in cooperation with the director of the department  
20 of revenue, shall provide for the administration of the  
21 credit authorized in this section. The department of veterans  
22 affairs and the department of revenue shall each adopt rules,  
23 pursuant to chapter 17A, as necessary to administer this  
24 section, including but not limited to application procedures,  
25 investigation, approval or disapproval of claims, and claiming  
26 of credits.

27 8. This section is repealed January 1, 2016.

28 Sec. 3. NEW SECTION. 422.10B Persian Gulf veteran tax  
29 credit.

30 1. The taxes imposed under this division, less the credits  
31 allowed under section 422.12, shall be reduced by a Persian  
32 Gulf veteran tax credit equal to the following amount:

33 a. For a taxpayer who served on active duty for not less  
34 than one hundred twenty days in the armed forces of the United  
35 States at any time between January 31, 1990, and February 28,

1 1991, both dates inclusive, and who was inducted into federal  
2 active duty from the state of Iowa and was honorably discharged  
3 or separated from federal active duty, or is still on active  
4 duty in an honorable status, or has been retired, or has been  
5 furloughed to a reserve, or has been placed on inactive status,  
6 an amount equal to eighteen dollars for each month that the  
7 taxpayer was on federal active duty in the conflict service  
8 area within the dates specified in this paragraph, not to  
9 exceed five hundred dollars.

10     *b.* For a taxpayer who otherwise qualifies for the credit  
11 under paragraph "a", except that the taxpayer was not present in  
12 a conflict service area during the period between January 31,  
13 1990, and February 28, 1991, both dates inclusive, an amount  
14 equal to thirteen dollars for each month that the taxpayer was  
15 on federal active duty within the dates specified in paragraph  
16 "a", not to exceed three hundred dollars.

17     *c.* The Iowa department of veterans affairs shall adopt  
18 rules pursuant to chapter 17A providing for the definition of a  
19 conflict service area.

20     2. In order to qualify for the credit in subsection 1, all  
21 of the following requirements must be satisfied:

22     *a.* The taxpayer has not received a tax credit, bonus, or  
23 compensation similar to that provided in this section from this  
24 state or another state.

25     *b.* The taxpayer was on federal active duty after January  
26 31, 1990, and the taxpayer did not refuse on conscientious,  
27 political, religious, or other grounds, to be subject to  
28 military discipline.

29     *c.* The taxpayer files an application for tax credit under  
30 this section with the department of veterans affairs in a  
31 manner determined by the department by July 1, 2015. The  
32 department of veterans affairs shall certify to the department  
33 of revenue the identity of each taxpayer eligible for the  
34 credit under this section and the amount of tax credit for  
35 which the taxpayer is eligible.

1     3. If a taxpayer dies before claiming the credit in  
2 subsection 1, the surviving unremarried widow or widower,  
3 child or children, mother, father, or person standing in loco  
4 parentis, in the order named and none other, of any deceased  
5 taxpayer shall be eligible for the tax credit in subsection 1  
6 that the deceased taxpayer would be entitled to pursuant to  
7 this section, if living. If any taxpayer has died or shall  
8 die, or is disabled, from service-connected causes incurred  
9 during the period and in the area from which the taxpayer is  
10 entitled to the credit pursuant to this section, the taxpayer  
11 or the first survivor as designated by this subsection, and  
12 in the order named, shall be eligible for a tax credit equal  
13 to five hundred dollars or three hundred dollars, whichever  
14 maximum amount would have applied pursuant to subsection 1,  
15 paragraph "a" or "b", regardless of the length of service.

16     4. A taxpayer who served for at least sixteen days in a  
17 month shall be considered to have served for the entire month.

18     5. The credit provided in this section shall be allowed only  
19 once per taxpayer. The credit shall be claimed by the taxpayer  
20 for the tax year in which the application is successfully made  
21 to the department of veterans affairs under subsection 2,  
22 paragraph "c". Any credit in excess of the tax liability is  
23 refundable. Taxpayers affected by the allocation provisions  
24 of section 422.8 shall be permitted a deduction for the credit  
25 only in the amount fairly and equitably allocable to Iowa under  
26 rules prescribed by the director of revenue.

27     6. A taxpayer who knowingly makes a false statement relating  
28 to a material fact in supporting an application under this  
29 section is guilty of a serious misdemeanor. A person convicted  
30 pursuant to this section shall forfeit all tax credit to which  
31 the taxpayer may have been entitled under this section.

32     7. The executive director of the department of veterans  
33 affairs, in cooperation with the director of the department  
34 of revenue, shall provide for the administration of the  
35 credit authorized in this section. The department of veterans

1 affairs and the department of revenue shall each adopt rules,  
2 pursuant to chapter 17A, as necessary to administer this  
3 section, including but not limited to application procedures,  
4 investigation, approval or disapproval of claims, and claiming  
5 of credits.

6 8. This section is repealed January 1, 2016.

7 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies  
8 retroactively to January 1, 2014, for tax years beginning on  
9 or after that date.

10 EXPLANATION

11 The inclusion of this explanation does not constitute agreement with  
12 the explanation's substance by the members of the general assembly.

13 This bill provides for the creation of two one-time  
14 individual income tax credits for veterans of the United States  
15 military who served during identified periods of conflict.

16 The first credit is available to members of the United States  
17 armed forces who served in active duty during the military  
18 conflicts in Lebanon, Grenada, and Panama who meet certain  
19 qualifications of service. The second credit is available to  
20 members of the United States armed forces who served in active  
21 duty during the military conflicts in the Persian Gulf who meet  
22 certain qualifications of service.

23 The bill provides dates for the periods of these conflicts.  
24 The bill provides that veterans who served in conflict service  
25 areas during these periods will receive a larger tax credit for  
26 their service than veterans who did not serve in a conflict  
27 service area during these periods. The bill provides for the  
28 computation of such payments based upon months of service  
29 either in or outside of a conflict service area. A person who  
30 served in a conflict service area is eligible for a maximum  
31 credit of \$500 and a person who did not serve in a conflict  
32 service area is eligible for a maximum credit of \$300.

33 The bill requires that a veteran must meet additional  
34 requirements to qualify for the credit. The person must not  
35 have received a similar tax credit or bonus from this state

1 or any other state. The person must not have refused to be  
2 subject to military discipline on certain grounds. The bill  
3 also requires that the person file an application with the  
4 department of veterans affairs (department) by July 1, 2015, in  
5 order to qualify for the credit. The department is required  
6 to certify to the department of revenue the identify of each  
7 person who qualifies for the credits and the amount of tax  
8 credit for which the taxpayer is eligible.

9 Certain other persons who survive the veteran are  
10 eligible for the tax credit for which the deceased person  
11 would have been eligible. The bill also provides that upon  
12 service-related death or disability relating to service during  
13 the applicable time periods and in the applicable area, the  
14 veteran or first survivor, as identified in the bill, will be  
15 eligible for the highest maximum tax credit allowable to the  
16 deceased.

17 The bill provides that knowingly making a false statement of  
18 material fact supporting an application to receive one of the  
19 tax credits is a serious misdemeanor. A serious misdemeanor  
20 is punishable by confinement for no more than one year and a  
21 fine of at least \$315 but not more than \$1,875. The bill also  
22 provides that a conviction on such a charge would result in  
23 forfeiture of any right to claim one of the credits.

24 Each credit provided in the bill shall be allowed only once  
25 per taxpayer. The taxpayer is required to claim the credit  
26 for the tax year in which the tax credit application was made.  
27 Any credit in excess of the tax liability is refundable.  
28 Nonresident and part-year residents are allowed a tax credit  
29 only in the amount fairly and equitably allocable to Iowa under  
30 rules prescribed by the director of revenue.

31 The tax credits are exempt from the individual income tax to  
32 the extent that they increase federal adjusted gross income.

33 The director of the department of veterans affairs, in  
34 cooperation with the director of the department of revenue, is  
35 to administer the tax credits.



H.F. \_\_\_\_\_

- 1     The credits are repealed January 1, 2016.
- 2     The bill applies retroactively to January 1, 2014, for tax
- 3 years beginning on or after that date.